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SUBJECT: Security and Prosperity Partnership in Canada - A  
Mid-term Update

Ref: Ottawa 1104

¶1. (SBU) Summary - From a distance Mission Canada is heartened by the effect and attention given to the SPP in Washington, throughout our government. We are hearing from Canadians most affected that this is precisely what is needed. Because of the political situation now in Canada, we can afford to be more ambitious than they can, but by setting up the process and the timelines now, they should have more room for ambition down the road. We sense the biggest impact on both the security and prosperity side would come from consolidating and simplifying the proliferation and at times redundancy of existing programs, existing processes. We will send by septel two reports with more detailed views on the proposals in each of the security and prosperity goals. End Summary.

Canadian Perspectives

¶2. (SBU) Broadly speaking, Canadians are unfortunately unaware of the SPP; they remember the Crawford/Waco meetings but did not focus at the time on the initiative. Since then, the country and its political class have been understandably distracted by political crisis to do much public promotion. When they have discussed it publicly, they have at times misinterpreted it, for example saying that this will be used to fix trade dispute mechanisms. Those most aware are those border business groups and academics following the bilateral relationship.

¶3. (SBU) The most consistent message we are getting from these latter groups is an imperative that we use this process to be ambitious. There is a scepticism that this initiative will tackle the issues, particularly in the areas that matter most - reducing border delays, cumbersome processes and regulatory differences.

¶4. (SBU) Our Canadian counterparts seem to be organized more centrally than we are; the Privy Council has farmed out the working groups to the Ministries to a much less extent than we have. In fact, they have made clear that the only way they feel these short timetables can be met is through a NSC and HSC close engagement with the process and close contact with them. In addition, they see this as an opportunity to advocate again for items we thought were long gone from the process.

¶5. (SBU) Canada is preoccupied with its electoral situation right now. There is little certainty that there will be elections and on who might win. Those actively involved in the SPP process are not distracted, but know that their political leaders on whom they will rely for decisions will continue to be cautious and avoid anything that looks like they are giving in to the Americans.

¶6. (SBU) For our part, we see little point in trying to work in to our SPP calculation any predictions of their electoral timetable since it seems to change daily. An election could come as early as late June/early July, but could also slip to the late fall. Since the required time from a no-confidence vote to an election is around six weeks, it might be best to simply move forward as though nothing was happening and adjust to the political situation as it unfolds.

Broad recommendations

¶7. (SBU) At the border, people face a proliferation of programs, seemingly in perpetual evolution, and a lack of consistency from one port of entry to another. Canada has fast cargo programs; we have different ones; the requirements change. Canada has expedited traveler programs, and we have different ones; NEXUS cards which work at ports of entry in Ontario can't work in New Brunswick or Manitoba. New passport requirements, new air travel advance passenger rules, separate background checks for NEXUS Air and Nexus land all add up to mounting frustration. People are telling us governments are moving in the opposite direction of their citizens who are becoming more

interconnected.

¶8. (SBU) Our first recommendation: simplify. Use this SPP process to focus on consolidating and integrating - the various NEXUS programs, the working groups, the watch lists, cargo-security programs. Realizing this is easier said than done, it still seems to make sense to reduce and consolidate.

¶9. (SBU) Second, the business of crossing the border has too many steps, and the perception is we keep adding more. The Guide for Importing into the U.S. put out by Dept of Treasury runs 180 pages. Businesses most often choose to hire a broker, who everyone admits is the least efficient link in the chain. It takes ninety seconds for a shipment to be released at the border; it can easily take up to three hours for the broker to do his processing. Canadian small business groups tell us that many of their members do not export because it is simply too complex. Expediting implementation of the new ACE system to provide advance cargo information over the Internet will make it easier for small businesses to communicate directly with CBP rather than through a broker. ACE will also allow for communications directly between CBP and truck carriers, unlike now where brokers inform carriers via phone or fax about the status of their shipments.

¶10. (SBU) Third, the notion, as expressed in the law enforcement matrix, of establishing processes to review points of difference in laws which obstruct our cooperation, is excellent and which should build on progress already made by standards and regulatory experts in terms of information sharing. The aim should be to have domestic standards and notification requirements converge over time with border regulations, as well as WTD and NAFTA procedures.

¶11. (SBU) Fourth, border infrastructure is important in that it is the principal way to reduce delays and to enhance security. We see this covered in the matrices, and we will have to expedite the major improvements in bridges and tunnels. We would only stress, though, the great impact from minor changes in the geography, from a parking lot in Fort Erie or an approach lane in Windsor or building separate approaches for trucks in Champlain, or the prospects of moving to short sea shipping opportunities.

¶12. (SBU) Comment - As we move down the list of action items, we can hold the Canadians to two points. First, this was originally their idea, and our Privy Council counterparts took a pride of ownership after Crawford that this was originally their initiative under NAI. Second, they have just released their International Policy Statement where they have publicly spelled out their highest goal of advancing their relationship with the U.S. as it is in their own long-term interests. We see this as a big agenda which would actually contribute to this own stated goal. Finally, we should not be surprised if during the upcoming election, Canadian politicians hold out the SPP as a mechanism for gaining more control over U.S. trade remedies, e.g., escape from current or future softwood lumber disputes, and exemption from U.S. regulatory actions, such as BSE. End Comment.

Dickson